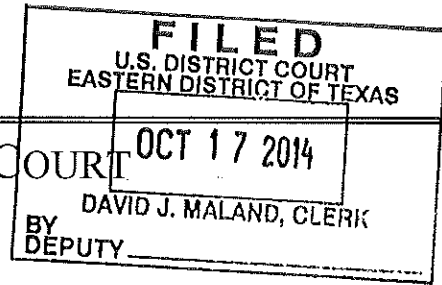


AO 91 (Rev. 11/11) Criminal Complaint

UNITED STATES DISTRICT COURT
for the
Eastern District of Texas



United States of America
v.

Case No.

6:14MJ

116

SEALED

Grace John Munthali

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of March 6, 2014 in the county of Cherokee in the
Eastern District of Texas, the defendant(s) violated:

Code Section

Offense Description

42 U.S.C. § 1320a-7b(b)(2)

Payment of Illegal Remuneration

This criminal complaint is based on these facts:

See attached Affidavit

☒ Continued on the attached sheet.

Complainant's signature

Jack Geren, Special Agent HHS-OIG

Printed name and title

Sworn to before me and signed in my presence.

Date: 10-17-14

Judge's signature

City and state: Tyler, Texas

John D. Love, United States Magistrate Judge

Printed name and title

SEALED

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

1. This Affidavit in Support of Criminal Complaint is presented as an attachment to a Criminal Complaint seeking a federal arrest warrant for Grace John Munthali for violations of 42 U.S.C. § 1320a-7b(b)(2) (Payment of Illegal Remuneration).
2. The information being provided in this Affidavit in Support of Criminal Complaint is being sworn to by Jack J. Geren, Jr., Special Agent (SA) with the U.S. Department of Health and Human Services, Office of the Inspector General (HHS-OIG). SA Geren has been employed as an HHS-OIG SA for approximately 16 years, and since that time has investigated numerous health care fraud violations.
3. The investigation of allegations of health care fraud by Grace John Munthali has been conducted by HHS-OIG and the State of Texas Office of Attorney General - Medicaid Fraud Control Unit (MFCU). Information provided in this Affidavit in Support of Criminal Complaint has been compiled from information provided by each of the agencies listed above. The information provided in this affidavit is in summary form and is not intended to represent all of the information gathered in the investigation. The information provided in this affidavit is true and correct to the best of my knowledge.

THE MEDICARE PROGRAM

4. The Medicare Program (Medicare) is a federal health insurance program for individuals aged 65 and older or who are blind or disabled. The program is codified under Title XVIII of the Social Security Act (42 U.S.C. §§ 1395, et seq.) and is administered by the Centers for Medicare and Medicaid Services (CMS).

THE DEFENDANT AND THE SCHEME

5. Grace John Munthali (Munthali), date of birth: 12/26/1966, formed Three Angels Home Health, Inc. (Three Angels), in Houston, Texas, in or around August 2008. Three Angels was in the business of providing home health services to Medicare beneficiaries. Beginning around January 2009, Munthali became the sole owner and administrator of Three Angels.
6. In order to fraudulently bill the Medicare Program for home health services for which Three Angels was not entitled to, Munthali paid cash to Medicare beneficiaries in exchange for their Medicare numbers and physician information.

Information from Cooperating Witness

7. In July 2012, a cooperating witness (CW) provided information about Munthali to affiant. This person is known to affiant, but the witness will remain confidential to protect the ongoing investigation of these matters. CW has knowledge of the matters being investigated and is considered reliable because the CW's information has been corroborated through public records and Medicare claims information.
8. According to the CW, the CW's job responsibility was to assist an individual whom the CW knew as "Ms. Grace" in recruiting patients to sign up for home health services and completing re-certifications for additional 60-day episodes of care (hereafter called "recerts"). At the time, "Ms. Grace" and the CW recruited patients in the Lufkin, Texas area and Nacogdoches, Texas area for several Houston-based home health agencies.
9. For each home health patient that the CW recruited, "Ms. Grace" paid the CW between \$300 to \$400 cash. In addition, "Ms. Grace" paid each new home health patient between

\$50 and \$100 for their initial visit and all subsequent "recerts." According to the CW, no home health services were provided to the patients during these periods.

Physicians' Office Complaints

Trinity Mother Frances Clinic

10. On April 2, 2014, affiant interviewed Sheryl Eason, L.V.N., an employee of the Trinity Mother Francis Clinic in Jacksonville, Texas. Eason advised affiant that on March 6, 2014, her office received an unsolicited facsimile from Three Angels requesting a face-to-face encounter for one of the clinic's patients, A.W.
11. Eason advised that the unsolicited facsimile form contained all of A.W.'s personal information and requested that Dr. Milawski, A.W.'s primary care physician, evaluate and certify A.W. in order for A.W. to receive home health services from Three Angels for the period February 15, 2014, through April 15, 2014. The form was electronically signed by Grace J. Munthali, RN, and dated February 15, 2014.
12. In response to receiving the unsolicited facsimile, Eason contacted A.W., who admitted to taking \$200 cash from an unknown female in exchange for his Medicare information. After their conversation, A.W. became concerned that he had taken the money.
13. On August 11, 2014, affiant interviewed Mary Beth Hooper, Office Manager for Trinity Mother Francis Clinic in Jacksonville, Texas. Hooper advised affiant that over the course of the last three months, four physicians who practice at the clinic received unsolicited facsimile transmissions from Three Angels requesting a face-to-face encounter for their patients as well as copies of physician orders for home health services.

- a. On May 5, 2014, an unsolicited facsimile was received by Dr. Jane Ragland for patient R.P. The unsolicited fax contained all of R.P.'s personal information and requested that Dr. Ragland, R.P.'s primary care physician, evaluate and certify R.P. in order for R.P. to receive home health services from Three Angels for the period April 11, 2014, through June 9, 2014. The form was electronically signed by Grace J. Munthali, RN, and dated April 11, 2014, approximately three weeks earlier than the date of the unsolicited facsimile.
- b. On July 14, 2014, an unsolicited facsimile was received by Dr. William Milawski for patient B.P. The unsolicited fax contained all of B.P.'s personal information and requested that Dr. Milawski, B.P.'s primary care physician, evaluate and certify B.P. in order for B.P. to receive home health services from Three Angels for the period July 2, 2014, through August 30, 2014.
- c. On July 21, 2014, an unsolicited facsimile was received by Dr. Kendra Verhelle for patient M.M. The unsolicited fax contained all of M.M.'s personal information and requested that Dr. Verhelle, M.M.'s primary care physician, evaluate and certify M.M. in order for M.M. to receive home health services from Three Angels for the period July 1, 2014, through August 29, 2014.
- d. On July 29, 2014, an unsolicited facsimile was received by Dr. Billy Carson for patient E.C. The unsolicited fax contained all of E.C.'s personal information and requested that Dr. Carson, E.C.'s primary care physician, evaluate and certify E.C. in order for E.C. to receive home health services from Three Angels for the period

July 11, 2014, through September 8, 2014. The form was electronically signed by Grace J. Munthali, RN, and dated July 11, 2014, approximately two weeks earlier than the date of the unsolicited facsimile.

- e. Each of the unsolicited facsimiles contained an address of 14721 Branchwest Drive, Houston, Texas 77082, for Three Angels, along with the telephone number (832) 382-3422 on all of the evaluation forms and orders. Hooper advised that on each of these occasions, the physicians refused to sign the evaluation forms and orders and advised their staff to report them to the clinic's administration.

- 14. On August 22, 2014, Hooper additionally provided another unsolicited facsimile transmission from Three Angels to Dr. Kendra Verhelle requesting a face-to-face encounter for one of her patients as well as a copy of the physician order for home health services. Like all the others, Dr. Verhelle refused to sign the evaluation form and order and reported it to the clinic's administration.

Adrian Jesse, M.D.

- 15. On May 23, 2014, affiant interviewed Shan Lathan, an employee of Adrian Jesse, M.D., whose office is in Nacogdoches, Texas. Lathan advised affiant that approximately four years ago, she was introduced to an individual named "Grace" by the CW at Dr. Jesse's office.

- 16. During the visit, the CW and the individual named "Grace" attempted to get Dr. Jesse's signature on physician orders for home health services for several of Dr. Jesse's patients.

Lathan advised that Dr. Jesse refused to sign the orders and told the CW and the individual named "Grace" to never come back to his office.

17. In approximately May 2014, Dr. Jesse signed orders for patient C.P., a resident of Nacogdoches, Texas, to receive home health services from Crown Health Services, a Nacogdoches, Texas, home health agency. Through their verification process, Crown Health Services discovered that patient C.P. was receiving home health services from Three Angels.
18. Lathan advised that upon learning about Three Angels, she contacted patient C.P.'s wife, who admitted that an individual named "Grace" had paid them \$200 cash to sign up for home health services with Three Angels. She additionally admitted to receiving \$200 cash each month from January 2014 through March 2014 and that they needed the money to pay for medicine expenses.
19. At the conclusion of the interview, Lathan provided affiant a blue patient folder for C.P., which contained a Three Angels label on the outside and provided an address of 14721 Branchwest Drive, Houston, Texas 77082, for Three Angels along with the telephone number (832) 382-3422. Within the folder, a label containing the name "Grace" and telephone number (832) 382-3422 was prominently displayed. In addition, a document titled "Patient Data Sheet," dated October 11, 2013, within the folder contained Munthali's signature.
20. According to the Medicare claims data, Medicare has paid approximately \$1,796.56 to Three Angels for home health services for C.P.

Good Shepherd Medical Clinic

21. On June 11, 2014, affiant interviewed Mona Bradley, an employee of Good Shepherd Medical Clinic in Marshall, Texas. Bradley advised affiant that she is the Office Manager for Dr. Diana Malone, the primary care physician for G.B., a Marshall, Texas resident.
22. In approximately April 2014, Dr. Malone referred patient G.B. to Jordan Home Health for home health services. Through their verification process, Jordan Home Health discovered that patient G.B. was already receiving home health services from Three Angels.
23. On April 10, 2014, Bradley contacted Three Angels and was told that they (Three Angels) had been providing care to patient G.B. since November 2013 and that John Ramirez, M.D., a physician in Houston, Texas, had signed the patient's home health orders. Bradley subsequently contacted patient G.B., who advised Bradley that she did not know John Ramirez, M.D., and that she has never been to Houston, Texas.
24. On April 11, 2014, Bradley received a call from Jeff Phillips, an individual identifying himself to Bradley as patient G.B.'s nephew. Phillips advised Bradley that he was present when his aunt, patient G.B., signed the paperwork in order for her to receive home health services from Three Angels. Bradley subsequently contacted patient G.B., who denied knowing anyone named Jeff Phillips.
25. Bradley also provided the names of four additional Marshall, Texas patients of Dr. Malone who Three Angels was billing for home health services. According to Bradley, three of these individuals admitted to receiving \$200 cash from an individual representing Three

Angels in exchange for signing up for home health services and receiving \$200 cash per month afterwards.

26. Since approximately October 2013, Medicare has paid approximately \$37,545.78 to Three Angels for home health services for these patients, including patient G.B.

Health Integrity Referrals

27. On April 2, 2014, an Immediate Advisement Referral to law enforcement was made by Health Integrity, LLC, the Zone 4 Program Integrity Contractor (ZPIC) for CMS, regarding Three Angels. Acting upon a complaint that someone from Three Angels was approaching Medicare beneficiaries and offering cash for their Medicare numbers, investigators from Health Integrity travelled to Marshall, Texas to conduct interviews of the complainant as well as other Medicare beneficiaries who were billed for home health services by Three Angels.

28. As part of their investigation, Health Integrity interviewed five Medicare beneficiaries; four of the Medicare beneficiaries interviewed by Health Integrity admitted to receiving \$200 cash from Munthali in exchange for their Medicare number. None of the five Medicare beneficiaries interviewed knew the names of the referring physicians and admitted that home health services were not being rendered.

29. Altogether, a total of \$27,978.83 was paid to Three Angels by the Medicare Program for home health services for the period May 10, 2013, to March 10, 2014, for all five Medicare beneficiaries interviewed by Health Integrity.

30. On June 11, 2014, a second Immediate Advisement Referral to law enforcement was made by Health Integrity, LLC, the Zone 4 Program Integrity Contractor (ZPIC), regarding Three Angels. Within the referral, Health Integrity advised that they had received a complaint from Mona Bradley, the Office Manager for Dr. Malone in Marshall, Texas, in which Bradley provided the same information that she subsequently provided to affiant.
31. The information above provides probable cause to believe that from on or about January 2014, to on or about August 2014 in the Eastern District of Texas and elsewhere, Grace John Munthali committed violations of 42 U.S.C. § 1320a-7b(b)(2) through the unlawful payment of remuneration for patient referrals related to the furnishing of home health services for which payment may be made by Medicare.



Jack J. Goren, Jr.
Special Agent
U.S. Department of Health and Human Services
Office of the Inspector General

Sworn to and subscribed before me this 17th day of October, 2014.



John D. Love
United States Magistrate Judge